



STATE BOARD OF EQUALIZATION
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February 22, 1999

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Executive Director

No. 99/16

TO COUNTY ASSESSORS:

ASSESSORS' HANDBOOK SECTION 566,
ASSESSMENT OF PETROLEUM PROPERTIES

Enclosed are replacement pages for Assessors' Handbook Section 566, *Assessment of Petroleum Properties*. These revisions were approved by the Board subsequent to a discussion at a Property Tax Committee Meeting. Please update the handbook as follows:

<u>Remove Page</u>	<u>Replacement Page</u>
Cover	Cover
v, vi	v, vi
8-5, 8-6	8-5, 8-6
8-7, 8-8	8-7, 8-8
8-9, 8-10	8-9, 8-10
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The section on page 8-6, Environmental Expenses, has been revised to include a discussion of the decision in *Dominguez Energy, L.P. v. County of Los Angeles*. In this decision, the court held that scheduled ongoing expenditures for environmental cleanup of a petroleum property should be recognized in a cash flow when they occur and are not automatically deferred until the end of the economic life of the property. No other text has been changed.

If you have any questions regarding the revision of this handbook section, please contact Jim McCarthy at (916) 324-5837.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson
Deputy Director
Property Taxes Department

RCJ:sk
Enclosures